



Business Finance for the Poor in Bangladesh



CREATING ECONOMIC OPPORTUNITIES FOR SMALL BUSINESSES IN BANGLADESH

Business Finance for the Poor in Bangladesh is a £25m facility to create economic opportunities for small businesses by changing the behaviour of market actors in the financial sector. We are improving the policy and regulatory environment for financial institutions, inducing private sector investment in expanding the frontiers of finance, and enhancing the credit worthiness of small businesses

EXECUTING AGENCY



IMPLEMENTED BY:



MANAGED BY:



FUNDED BY:



About Business Finance for the Poor in Bangladesh (BFP-B)

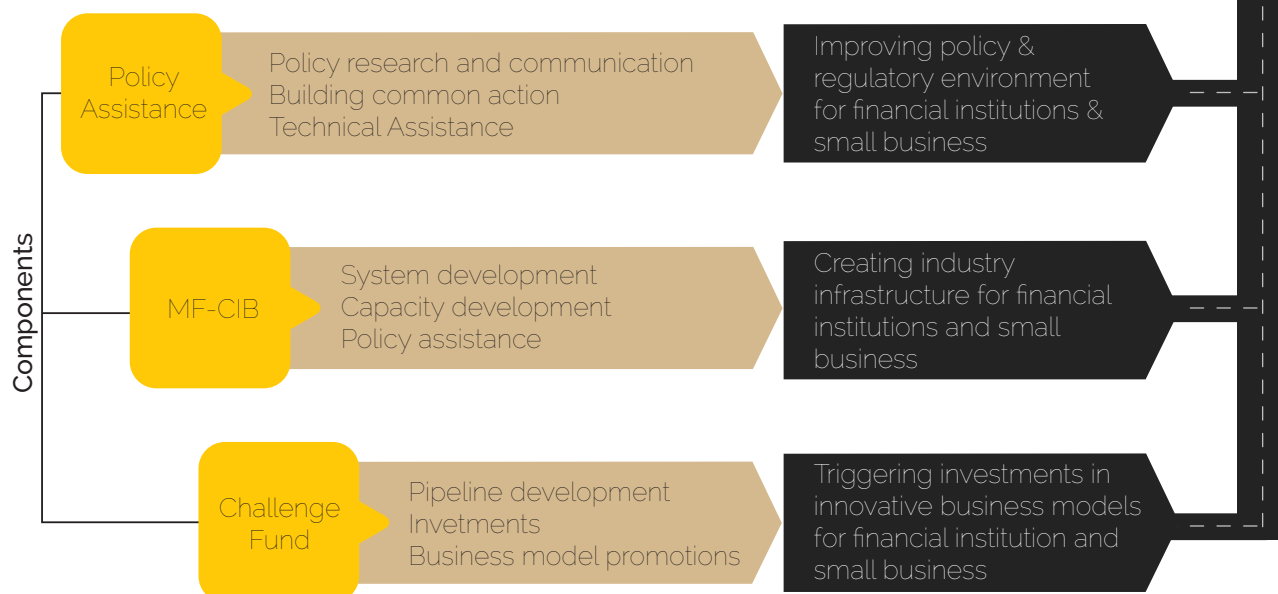
Small businesses are among the main drivers of growth for countries worldwide. In Bangladesh, small businesses employ over half of the country's workforce and contribute to a quarter of GDP. These 8 million small business are the foundation of the country's private sector.

Yet 75% of Bangladeshi small business are unserved by the formal financial sector, while the rest are under-served. Financial institutions have little incentive to serve the small business segment because capital constraints, conservative boards and regulatory environment discourage investment in a segment with high costs of risk assessment and distribution.

Many small business also do not have capacity to absorb loans to grow or choose not to use formal financial services even where these are available. There is little incentive to use available services due to limited product and channel offering, and inflexible product and pricing features. This means small businesses struggle to grow, and the wider benefits of healthy and growing small businesses to the overall economy are muted.



BFP-B Roadmap to Financial Inclusion



Key Highlights of Business Finance for the Poor in Bangladesh (BFP-B)

Expected Impact

180,000 MSEs

receiving financial
and business
development services

4.6 million
microcredit
borrowers

reporting to credit
information bureau

£1 BFP-B Investment Triggers

£ 2.26 private sector investment
£ 62 savings in the formal financial sector and
£ 16 new credit for small businesses.

Studies on Policy and Regulatory Environment



NFIS



Microenterprise
Lending



SME
Credit-related
policies



Cluster and
Value Chain
financing



Mobile
Financial Services
for MSEs



Innovative
MSE
Financing



Transformation
of MFIs



Agent Banking
study

Investments in Innovative Business Models



Executing Agency



MoF FID

Financial Institutions Division (FID) of Ministry of Finance

FID of Ministry of Finance, Government of the People's Republic of Bangladesh deals with the law and policy issues related to the Banks, Non-Bank Financial Institutions, Capital Market, Insurance sector and Microcredit sector. FID also co-ordinates the activities for formulating policies on capital adequacies as well as review of related policies and programmes. The division also performs the co-ordination activities and monitors the foreign loans usage with different regulatory bodies like Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Insurance Development and Regulatory Authority (IDRA), Microcredit Regulatory Authority (MRA), Bangladesh Institute of Capital Market (BICM) and Bangladesh Insurance Academy (BIA).

www.fid.gov.bd

Implementing Agencies



Bangladesh Bank

Bangladesh Bank, the central bank and apex regulatory body for the country's monetary and financial system. The key functions of Bangladesh Bank are formulation and implementation of monetary and credit policies, regulation and supervision of banks and non-bank financial institutions, promotion and development of domestic financial markets, management of the country's international reserves and issuance of currency notes.

www.bb.org.bd



Microcredit Regulatory Authority (MRA)

The Microcredit Regulatory Authority (MRA) has been established by the Government of the People's Republic of Bangladesh under the 'Microcredit Regulatory Authority Act 2006' to promote and foster sustainable development of microfinance sector through creating an enabling environment for NGO-MFIs in Bangladesh. MRA is the central body to monitor and supervise microfinance operations of NGO-MFIs.

www.mra.gov.bd

BFP-B Primary Stakeholders

Funding Agency



UKaid

BFP-B Project is funded by UKaid from the UK government through the Department for International Development (DFID) which leads the UK's work to end extreme poverty that includes ending the need for aid by creating jobs, unlocking the potential of girls and women and helping to save lives when humanitarian emergencies hit. The UK government is currently among the largest bilateral development partners to Bangladesh.

www.gov.uk

Management Agency

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Nathan Associates is a private international economic and analytics consulting firm established in 1946 that works with government and commercial clients around the globe to deliver practical solutions through building frameworks for economic growth or navigating regulatory hurdles, securing infrastructure financing or evaluating and assessing disputes. Nathan Associates London has been awarded the contract by DFID to deliver technical and financial assistance under the BFP-B Project.

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